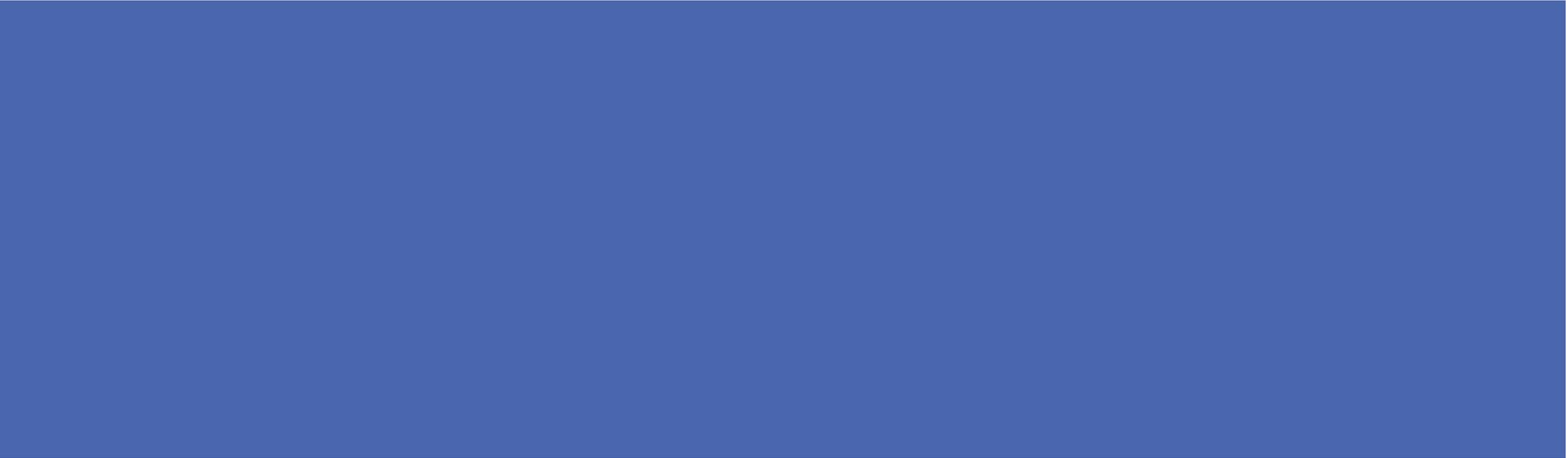




2018 BUDGET AND ECONOMIC OUTLOOK

SELECTED EXCERPTS FROM CONGRESSIONAL BUDGET OFFICE REPORT



OVERVIEW

- Revenues and Outlays
- Deficits/Debt
- Interest Rates

CBO's Baseline Budget Projections

	Actual, 2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total	
													2019– 2023	2019– 2028
In Billions of Dollars														
Revenues	3,316	3,338	3,490	3,678	3,827	4,012	4,228	4,444	4,663	5,002	5,299	5,520	19,234	44,162
Outlays	3,982	4,142	4,470	4,685	4,949	5,288	5,500	5,688	6,015	6,322	6,615	7,046	24,893	56,580
Deficit	-665	-804	-981	-1,008	-1,123	-1,276	-1,273	-1,244	-1,352	-1,320	-1,316	-1,526	-5,660	-12,418
Debt Held by the Public at the End of the Year	14,665	15,688	16,762	17,827	18,998	20,319	21,638	22,932	24,338	25,715	27,087	28,671	n.a.	n.a.
As a Percentage of Gross Domestic Product														
Revenues	17.3	16.6	16.5	16.7	16.7	16.9	17.2	17.4	17.5	18.1	18.5	18.5	16.8	17.5
Outlays	20.8	20.6	21.2	21.3	21.6	22.3	22.3	22.2	22.6	22.9	23.1	23.6	21.8	22.4
Deficit	-3.5	-4.0	-4.6	-4.6	-4.9	-5.4	-5.2	-4.9	-5.1	-4.8	-4.6	-5.1	-4.9	-4.9
Debt Held by the Public at the End of the Year	76.5	78.0	79.3	80.9	83.1	85.7	87.9	89.6	91.5	93.1	94.5	96.2	n.a.	n.a.
Memorandum: Deficit as a Percentage of GDP, Adjusted to Exclude Timing Shifts ^a	-3.5	-4.2	-4.6	-4.6	-4.9	-5.1	-5.1	-5.1	-5.1	-4.8	-4.6	-4.8	-4.9	-4.9

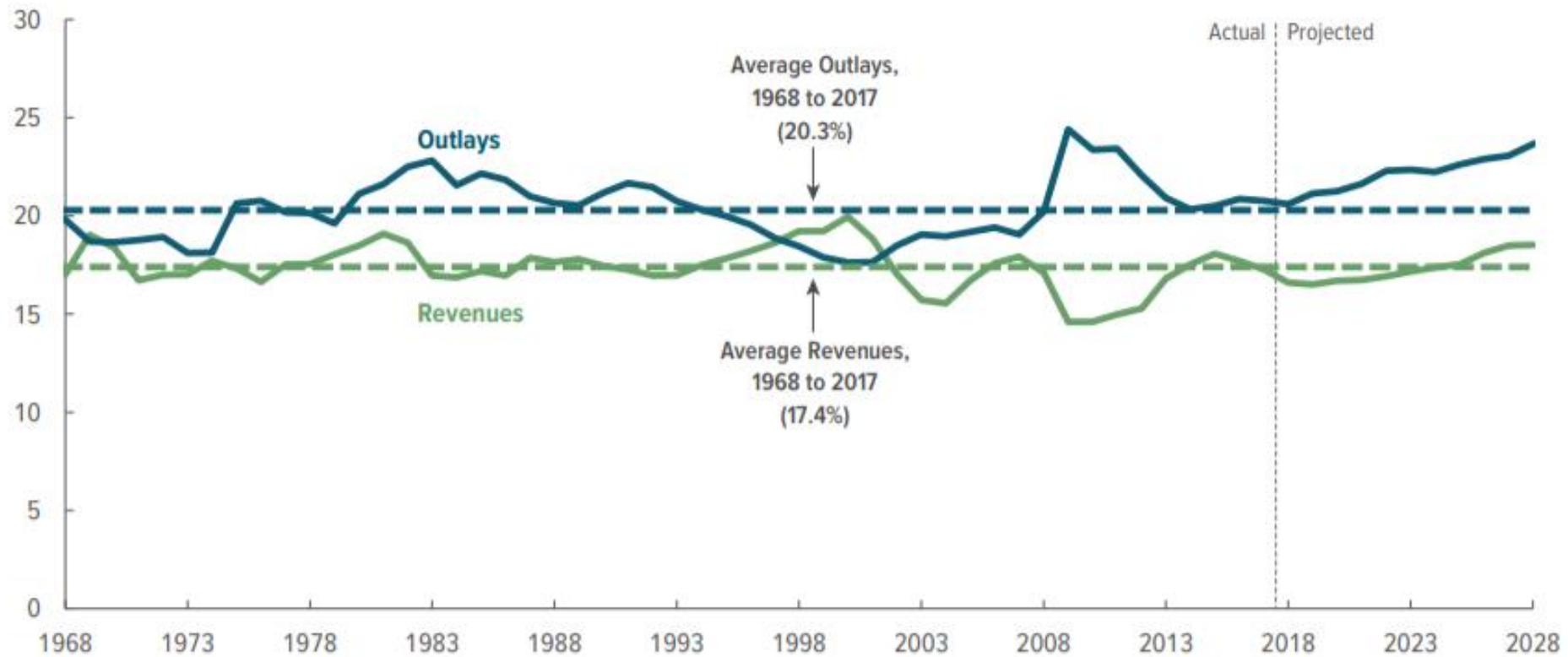
Source: Congressional Budget Office.

GDP = gross domestic product; n.a. = not applicable.

a. The adjusted amounts exclude the effects of shifting payments from one fiscal year into another so that those payments are not made on a weekend.

Total Revenues and Outlays

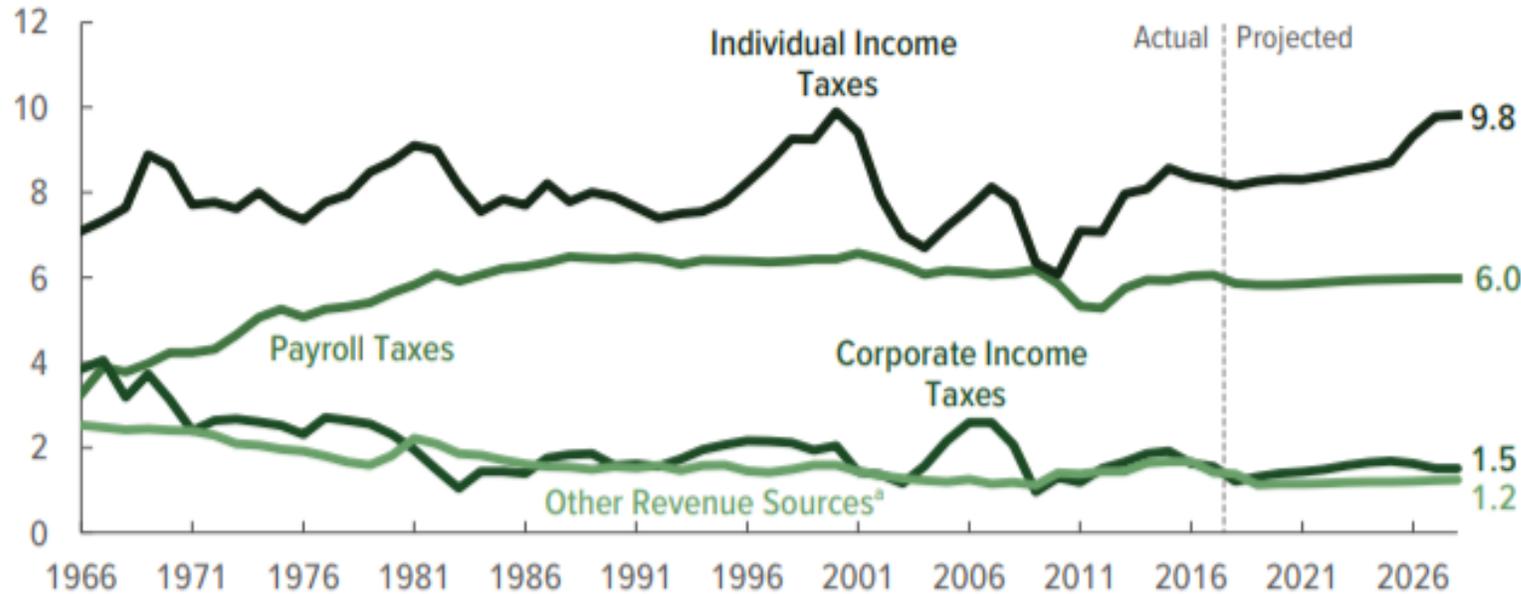
Percentage of Gross Domestic Product



Source: Congressional Budget Office.

Revenues, by Major Source

Percentage of Gross Domestic Product



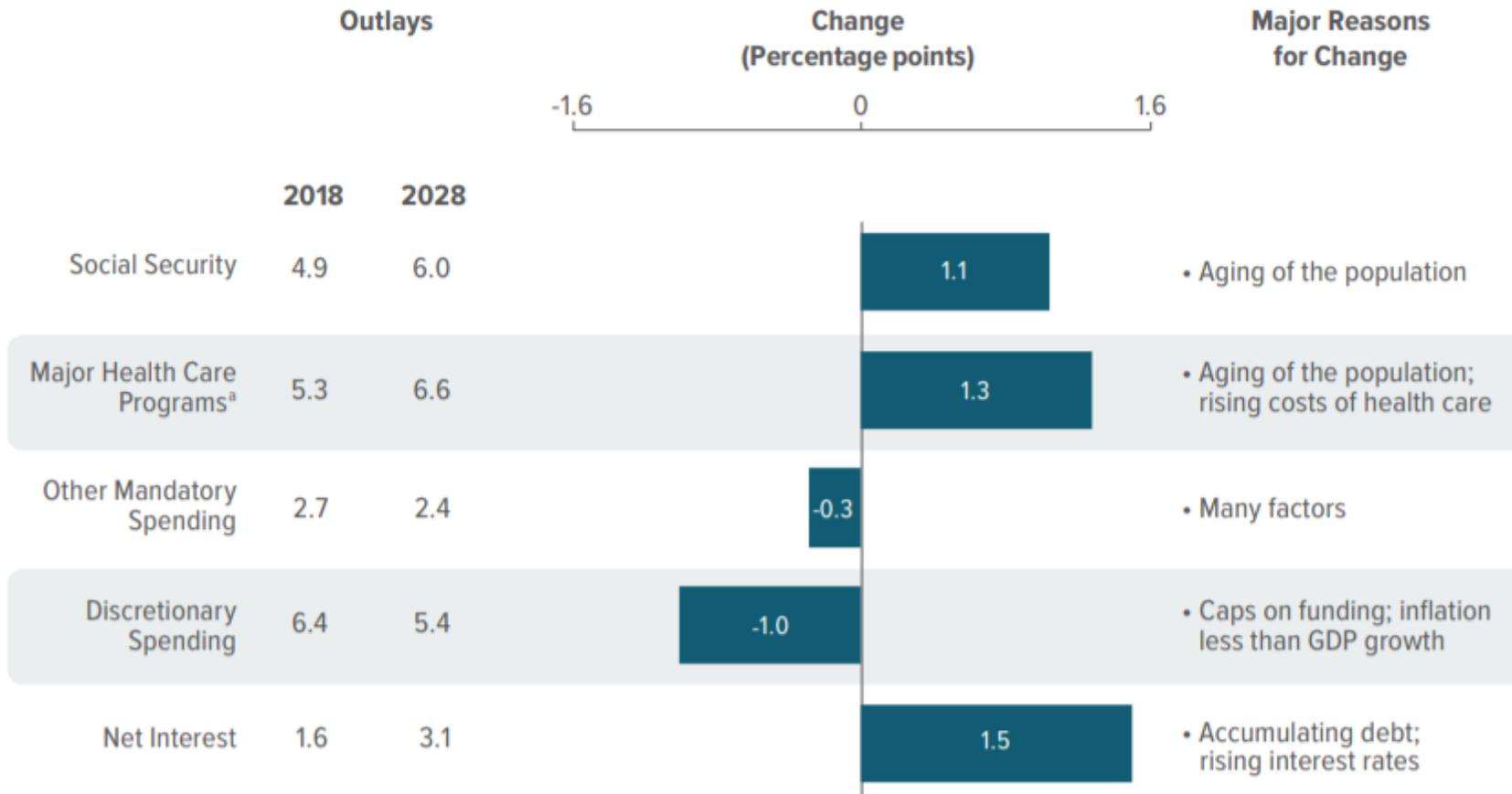
Individual income taxes account for nearly all of the projected growth in receipts over the next decade. Those receipts rise sharply following the expiration of temporary tax provisions at the end of 2025 and also rise steadily throughout the decade because of other factors.

Source: Congressional Budget Office.

a. Consists of excise taxes, remittances from the Federal Reserve System, customs duties, estate and gift taxes, and miscellaneous fees and fines.

Major Changes in Projected Outlays From 2018 to 2028

Percentage of Gross Domestic Product



Source: Congressional Budget Office.

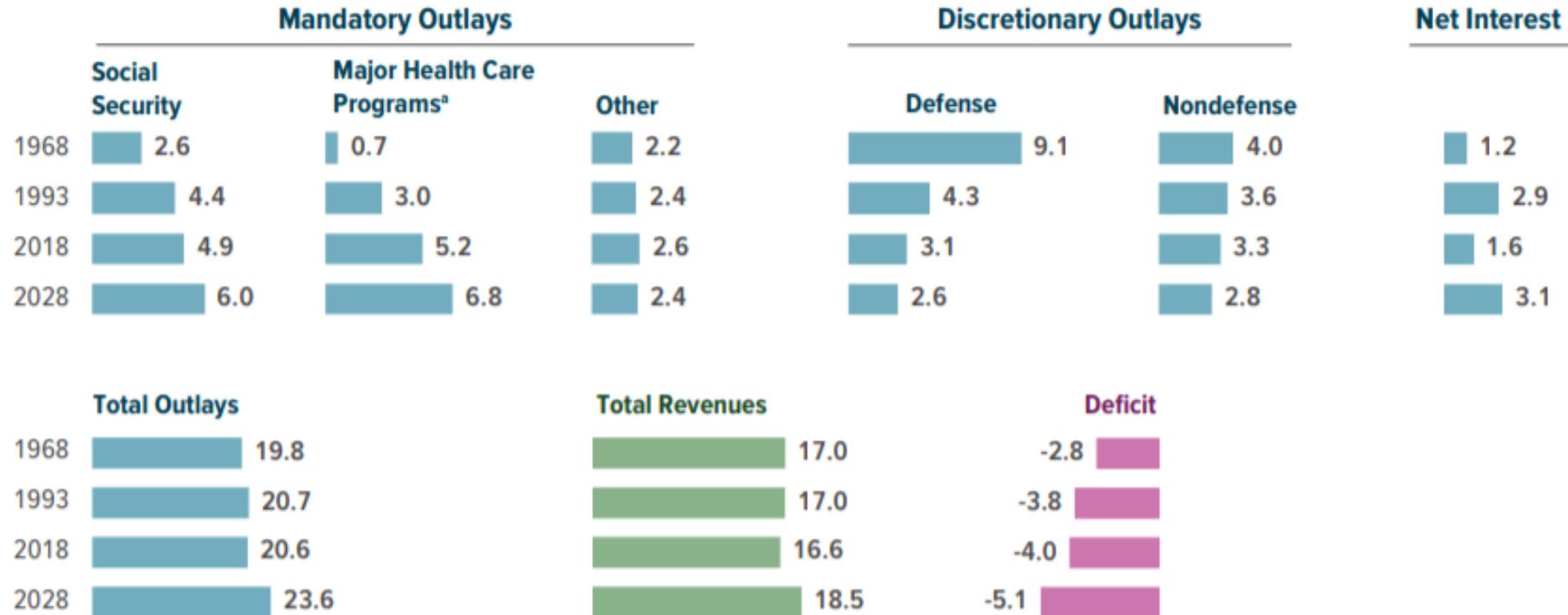
GDP = gross domestic product.

Outlays as a percentage of GDP have been adjusted to exclude the effects of timing shifts.

a. Consists of spending for Medicare (net of premiums and other offsetting receipts), Medicaid, and the Children's Health Insurance Program as well as outlays to subsidize health insurance purchased through the marketplaces established under the Affordable Care Act and related spending.

Outlays and Revenues Projected in CBO's Baseline, Compared With Actual Values 25 and 50 Years Ago

Percentage of Gross Domestic Product

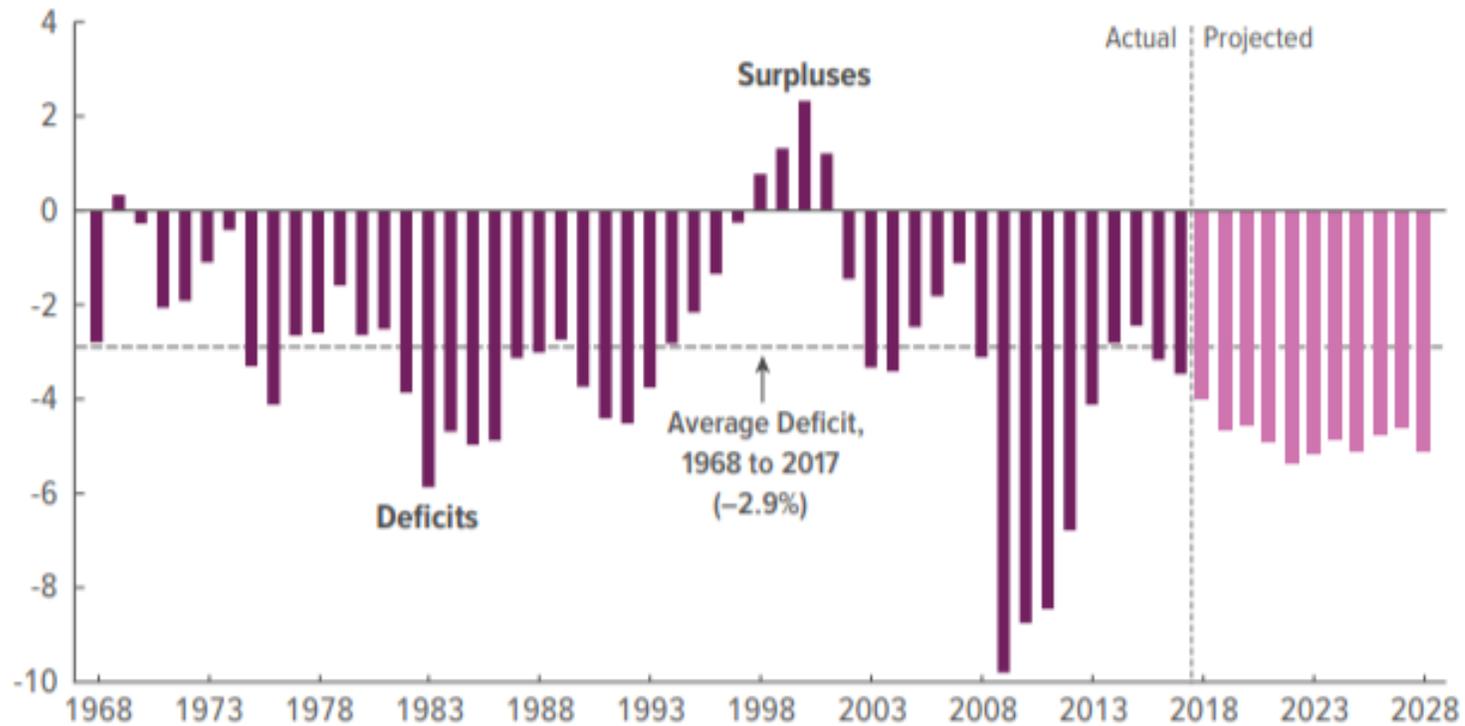


Source: Congressional Budget Office.

a. Consists of spending on Medicare (net of premiums and other offsetting receipts), Medicaid, and the Children's Health Insurance Program as well as outlays to subsidize health insurance purchased through the marketplaces established under the Affordable Care Act and related spending.

Total Deficits or Surpluses

Percentage of Gross Domestic Product

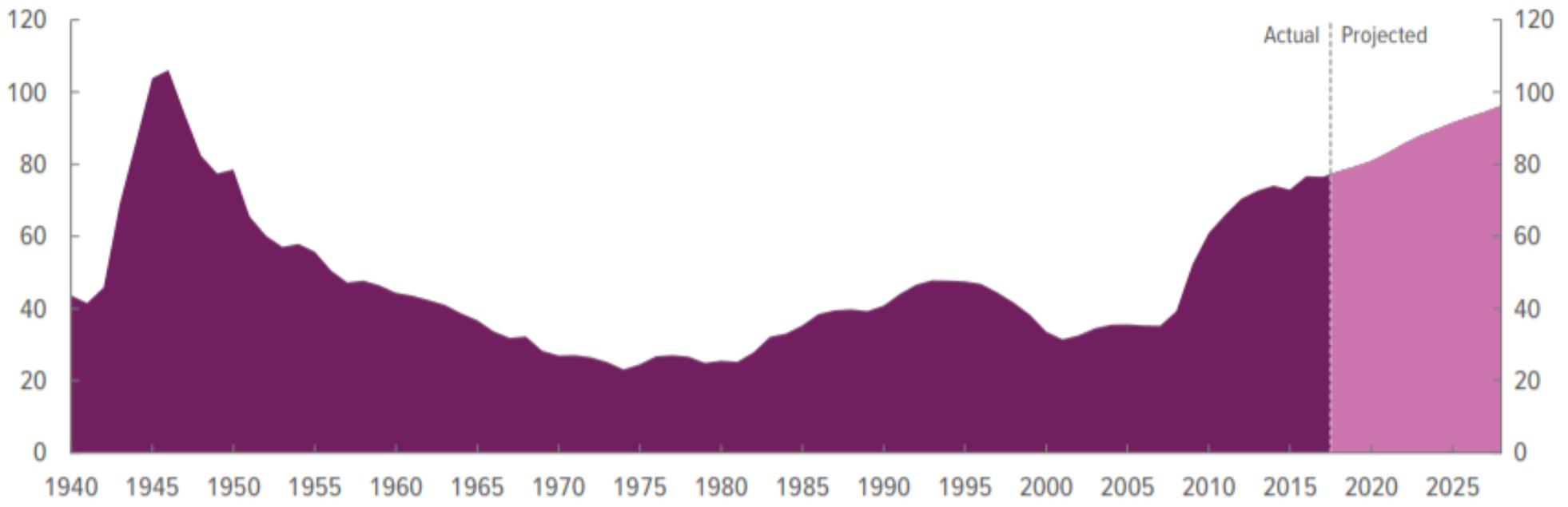


Deficits as a percentage of gross domestic product are projected to increase over the next few years and then largely stabilize. They exceed their 50-year average throughout the 2018–2028 period.

Source: Congressional Budget Office.

Federal Debt Held by the Public

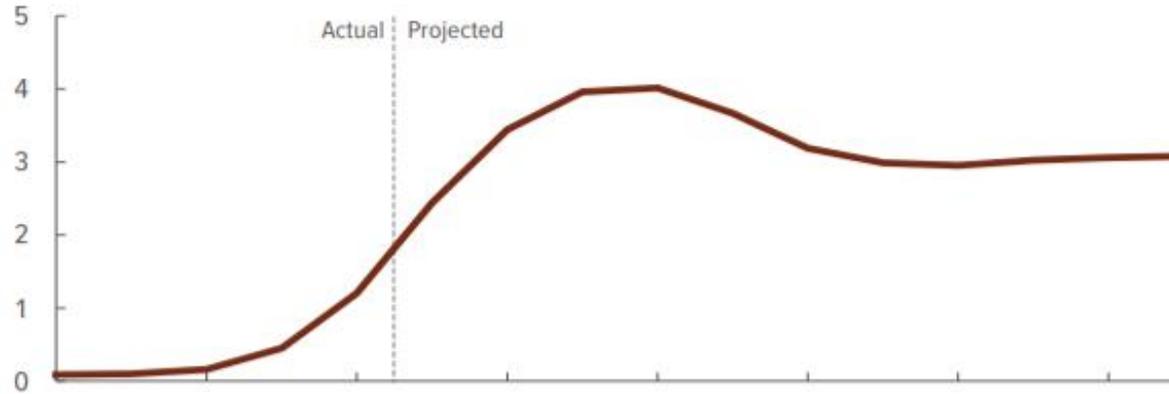
Percentage of Gross Domestic Product



Source: Congressional Budget Office.

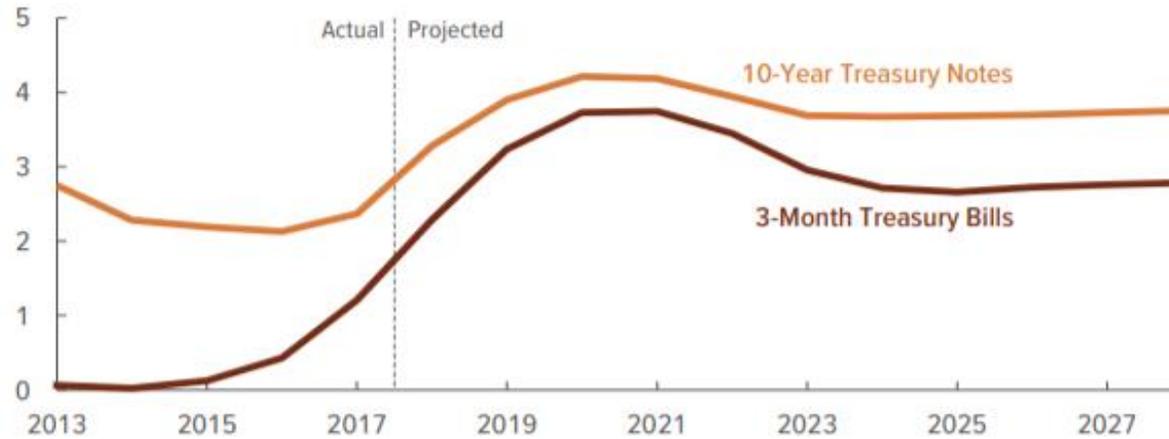
Interest Rates

Percent



CBO expects the Federal Reserve to continue increasing the **federal funds rate** through 2021 to eliminate excess demand in the economy.

Percent



In CBO's projections, **interest rates on Treasury securities** also rise, influenced by increases in the federal funds rate and in federal borrowing.

Sources: Congressional Budget Office; Federal Reserve.

The federal funds rate is the interest rate that financial institutions charge each other for overnight loans of their monetary reserves. Excess demand exists when the demand for goods and services exceeds the amount that the economy can sustainably supply.

Data are fourth-quarter values.

SUMMARY

- Rising debt has negative implications for the budget and economy
- 2017 Tax Cuts and Jobs Act will affect revenues until at least 2025
- Aging population contributing to substantial growth in Social Security and health expenditures